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Turks and Caicos Islands

Working paper prepared by the Secretariat

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I. General

1. The Turks and Caicos Islands is a Non-Self-Governing Territory administered by the United Kingdom of Great Britain and Northern Ireland. The Territory comprises 40 islands and cays, which lie 145 kilometres north of Haiti and the Dominican Republic and 925 kilometres south-east of Miami, United States of America. Six islands are permanently inhabited: Grand Turk, where the administrative capital, Cockburn Town, is located; Providenciales, the business and tourist centre; North, Middle and South Caicos; and Salt Cay. The area of the Territory is 948.2 square kilometres.[1]

2. The Turks and Caicos Islands were discovered by Spain in 1512. From 1874 to 1959, the Islands were governed by the United Kingdom of Great Britain and Northern Ireland as a dependency of Jamaica. They became a separate colony of the United Kingdom in 1962, under the control of the Bahamas. When the Bahamas achieved independence in 1973, the Turks and Caicos Islands were placed under a British Governor stationed in Grand Turk.

3. As reported previously, the British Overseas Territories Act of 2002 provided the right to British citizenship for the citizens of all United Kingdom Territories, including the Turks and Caicos Islands.

4. According to the territorial Government, the population was estimated at 36,605 in 2008, up from 34,862 in 2007. This represents a large increase, about 83 per cent, over the 2001 figure of 19,886 and is due mainly to immigration.[2] Approximately 11,750 citizens of the Turks and Caicos Islands, the so-called "belongers", have the right to vote and to stand in general elections. Belonger status is granted by the Cabinet based on length of residence in the Territory, contribution to society and how well one has assimilated into the community. One may also become a belonger through marriage. The remaining part of the population, mostly from Haiti and the Dominican Republic, as well as the United States of America, Canada, the United Kingdom and other European countries, are considered "non-belongers".[1]

5. In a report issued on 6 July 2008, the United Kingdom Foreign Affairs Committee concluded that, although extending voting rights to non-belongers would be politically difficult for Overseas Territory governments, the Government should at least encourage local administrations to review this issue with regard to non-belongers who have resided in an Overseas Territory for a reasonable period. They also recommended that the rights of non-belongers should be an agenda item for the next meeting of the Overseas Territories Consultative Council.[3]

6. Nearly two thirds of the belonger population and the great majority of the expatriate community (approximately 24,350 people) reside on Providenciales. The second largest population centre is Grand Turk, with 5,718 inhabitants, followed by North, Middle and South Caicos and Salt Cay.[1] The majority of the Territory's

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Note: The information contained in the present paper has been derived from published sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations.

[1] Turks and Caicos Islands, Department of Economic Planning and Statistics, accessed at www.depstc.org.

[2] The Economist Intelligence Unit, Country Profile, January 2009, www.eiu.com.

[3] Seventh report of the Foreign Affairs Committee, session 2007/08, Overseas Territories.

population is of African descent, the rest being of mixed or European origin. English is the main language, with some Creole spoken by Haitian immigrants. The main religion is Christianity.

II. Constitutional, legal and political issues

7. A new Constitution came into effect in Turks and Caicos on 9 August 2006. It was negotiated as a result of the 1999 United Kingdom Government White Paper on the relationship between the United Kingdom and its Overseas Territories,[4] which required the Territories to amend their local legislation in certain areas, in order to meet international standards. The British Overseas Territories Act 2002 came into force in May 2002 (see A/AC.109/2006/15).[5]

8. Under the new constitution, the Turks and Caicos Islands continues to operate on the basis of a ministerial system of Government, with a Governor in the Territory appointed by the administering Power. A new Governor, Gordon Wetherell, was sworn into office on 5 August 2008.[6] The new Constitution created the position of Deputy Governor who must be a belonger and is appointed by the Governor. On 16 March 2009, however, the United Kingdom decided that parts of the Constitution would need to be suspended so as to remove the Cabinet, the House of Assembly and references to ministerial and related powers (see also paras. 26-28).

9. Until such time, the Executive Government consists of a Cabinet, headed by a Premier, Michael Misick, and composed of the Governor as Chairman, the Premier, six other ministers and the Attorney-General. The Governor is responsible for external affairs, defence, internal security, including the police force, and some public service matters, including the regulation of international financial services, and consults with the Cabinet as necessary. Other portfolios are administered by the various cabinet ministers. The Governor acts on the advice of the Cabinet on these matters unless otherwise instructed by the Secretary of State on behalf of the administering Power. An Advisory National Security Council, chaired by the Governor, makes recommendations to the Cabinet on national security issues.

10. Since the 2006 Constitution came into effect, the Territory has also had a House of Assembly, consisting of a Speaker, 15 elected members, 4 appointed members and the Attorney-General (paras. 26-28 contain further information).

11. There are two main political parties in the Territory: the People's Democratic Movement and the Progressive National Party, formed in 1975 and 1980, respectively.

12. The most recent general election was held on 9 February 2007 with a voter turnout of 85 per cent.[7] The ruling Progressive National Party, under Premier

[4] "Partnership for Progress and Prosperity: Britain and the Overseas Territories", white paper submitted to the House of Commons on 17 March 1999 by the United Kingdom Secretary of State for Foreign and Commonwealth Affairs.

[5] Explanatory memorandum to the Turks and Caicos Islands Constitution Order 2006 (Statutory Instrument 2006, No. 1913), www.opsi.gov.uk.

[6] Information provided by the administering Power, 19 February 2009.

[7] Ibid., 22 February 2007.

Misick, won 13 seats, against 2 won by the People's Democratic Movement.[8] The next general election is due by April 2011.[9]

13. Paragraph 23 below contains information on developments with regard to the Premier's resignations as premier and party leader.

14. The legal system is based on English common law. Under the provisions of the 2006 Constitution, it continues to include magistrates' courts, the Supreme Court and the Court of Appeal, with ultimate recourse to the Privy Council. On the advice of the Judicial Service Commission, the Governor appoints judges and magistrates.

15. Within the exercise of the constitutional review leading to the new Constitution, which was agreed upon between the Governments of the United Kingdom and the Turks and Caicos in October 2005[3] and entered into force on 9 August 2006, an issue of particular importance to the Turks and Caicos Islands was the degree of self-government that might be achieved, including the possibility of full internal self-government. Meanwhile, the United Kingdom has consistently maintained its position that territories can exercise a choice for independence, where it is an option and where it is the clearly expressed wish of the people; however, for as long as that territory maintained a relationship with the United Kingdom, the United Kingdom would have to retain sufficient powers to protect its overall responsibility for the territory concerned. In that light, the Territory's Constitutional Modernization Review Body explained that, given the United Kingdom's position, a constitution encompassing a full measure of internal self-government (e.g., a "Bermuda-style" constitution) represented a "pre-independence" constitution and would have to be accompanied by a timetable for independence. Once that became known, there was little support in the Territory for independence (for more details, see A/AC.109/2007/5).[10]

16. While that process was ongoing, and at the request of the territorial Government, the Special Committee on Decolonization sent a mission to the Turks and Caicos Islands from 2 to 7 April 2006, the first to the Territory since 1980, to assess the situation on the ground and to inform interested groups and the public on matters of self-determination. Addressing the issue of specific political options in its report, the special mission found that the policy of the administering Power not to offer integration or free association had made the matter more complex. As a result, many people in the Turks and Caicos Islands appeared to have dismissed those options, even when it was explained that such alternatives were available to the Territory, even with countries other than the United Kingdom.[11] In this context, it should be noted that the political leadership of the governing party had been engaged in discussions with Canada, most recently in 2004, on a possible free association arrangement, thus demonstrating that such possibilities were clearly understood at the highest political levels.[12]

17. The Foreign Affairs Committee of the United Kingdom House of Commons began a comprehensive inquiry in July 2007 into the exercise by the Foreign and

[8] www.caribbeannetnews.com, 12 February 2007.

[9] www.eiu.com, country report January 2009.

[10] Information transmitted by the administering Power, 9 January 2007.

[11] The report of the Special Committee's visiting mission (see A/AC.109/2006/19).

[12] With regard to the Premier's various statements relating to the issue of self-government and independence during 2007, see A/AC.109/2008/12, para. 16-18.

Commonwealth Office of its responsibilities in relation to the Overseas Territories and the achievements of the Foreign and Commonwealth Office against its Strategic Priority No. 10, the security and good governance of the Overseas Territories.

18. On a separate issue, the Foreign Affairs Committee also questioned the Premier about allegations of substantial financial impropriety taking place in the Turks and Caicos Islands. The representation received by the Committee implied that corruption, including at the Government level, was taking place. In its report published on 6 July 2008, the Foreign Affairs Committee expressed concern about serious allegations of corruption in the Territory.

19. According to information provided by the administering Power, the Governor and members of the Foreign Affairs Committee had received allegations in relation to elected members of the Turks and Caicos Islands House of Assembly, which had started to damage the reputation of the Territory. There were signs that the allegations could also affect the Islands' tourism industry. It was also perceived that there was a great risk that they would damage the United Kingdom's own reputation for promoting good governance, and the Governor therefore concluded that the United Kingdom Government had to find a way to assure people that a formal process with safeguards was under way. He recommended the appointment of a commission of inquiry to conduct a full and independent inquiry into the allegations.[6]

20. On 10 July 2008, the Governor appointed a commission of inquiry to examine whether there was any information that corruption or other serious dishonesty in relation to past and present elected members of the House of Assembly might have taken place since 1 January 2003.

21. At the end of April 2008, allegations were made that Premier Misick had sexually assaulted an American woman earlier that month. The matter is under investigation by United States law enforcement officials.[13]

22. On 19 December 2008, Governor Wetherell prorogued the House of Assembly *sine die*, as requested by Premier Misick, who had successfully procured an adjournment of a vote of no-confidence filed by the People's Democratic Movement opposition a few days earlier. All parliamentary activities were therefore suspended until the Governor decided they should resume. Immediately after the adjournment, 9 out of 13 Progressive National Party (governing party) members of parliament wrote to Governor Wetherell saying that they had lost confidence in the Premier's leadership and asking that he be removed and replaced by Deputy Premier/Finance Minister Floyd Hall.[14]

23. On 13 February 2009, Premier Misick announced that he would step down as party leader at the end of February and resign as Premier on 31 March 2009, citing the Territory's need for "stability and certainty". The announcement, which was applauded by the islands' opposition party leader Floyd Seymour as "long overdue", came just hours after Deputy Premier Hall resigned over differences with the Premier. Premier Misick then named Lillian Boyce, whom he had ousted from the Cabinet the previous month, as the new Deputy Premier.[15]

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[13] www.eurweb.com.

[14] See www.caribbeannetnews.com, 20 December 2008.

[15] See www.boston.com and www.newsvine.com, 13 February 2009.

24. On 28 February 2009, Galmo Williams, a member of Parliament who had shortly before resigned as Minister of Home Affairs and Public Safety to focus his effort on the party leadership of the Progressive National Party, was elected to succeed Michael Misick as party leader. As the new party leader, he has put himself in position to be the next premier of the Turks and Caicos Islands.[16]

25. On 17 February 2009, after over four weeks of hearings, the Commission of Inquiry concluded oral proceedings in Providenciales. The Commission subsequently returned to London and issued an interim report.[16]

26. In a written ministerial statement issued by the Parliamentary Under-Secretary of State, Foreign and Commonwealth Office, Gillian Merron, on 16 March 2009, the Secretary referred to the interim report of the Commissioner, which had been published on the same day by the Governor of the Turks and Caicos Islands.[17] According to the statement, the Commissioner noted that the written information obtained in the Commission's inquiries, coupled with the evidence in the public hearings in the Territory earlier in the year, had provided information in "abundance pointing to a high probability of systemic corruption or serious dishonesty". In his view, this, together with "clear signs of political amorality and immaturity and of general administrative incompetence, have demonstrated a need for urgent suspension in whole or in part of the Constitution and for other legislative and administrative reforms" and change in other related matters.

27. In light of the accumulation of evidence in relation to the Turks and Caicos Islands, and fortified by the Commissioner's interim report, the Secretary noted that the United Kingdom had formed the view that parts of the Constitution would need to be suspended and had decided to take steps to do so. She also pointed out that she was making available on the Foreign and Commonwealth Office website a draft order in Council prepared by the Office which would suspend parts of the Constitution, including those relating to ministerial government and the House of Assembly, initially for two years, although this period could be extended or shortened. The draft order would be submitted to Her Majesty in Council at a meeting on 18 March 2008. If made, the order would be laid before Parliament on 25 March. Unless the Commissioner's final report significantly changed the current assessment of the situation, the order would be brought into force after the final report was received; however, the order could be brought into force sooner if circumstances arose in the Territory prior to that date which justified suspending relevant parts of the Constitution. This intervention was for an interim period only.

28. As drafted, the order would leave in place important elements of the Constitution, such as the chapter on fundamental rights and provisions relating to the Governor, the courts and the public service, while removing the Cabinet, House of Assembly and references to ministerial and related powers. Powers and functions currently exercised by Ministers would be exercised by the Governor acting in his discretion, including in relation to public finances, legislation and necessary regulatory reform.[18]

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[16] *Turks and Caicos Free Press*, http://freepress.com.

[17] See www.tci-inquiry.org.

[18] Written Ministerial Statement, 16 March 2009, accessed at www.fco.gov.uk.

III. Budget

29. The budget is projected on a triennial basis, with annual revisions. The fiscal year covers the period from April to March.[19]

30. Until the recent global financial crisis hit, the overall economy of the Territory had made great progress over the past two decades or so, with the Government acknowledging the need to address considerable imbalances among the various islands and social groups. One measure taken was the launch of a 10-year national development plan on 27 October 2005, reported in the 2007 working paper (A/AC.109/2007/5), with the aim of providing a long-term vision for the Territory's development and a strategic framework for Government and private sector activities.[1]

31. The latest 2008-2009 budget address, presented by the Minister of Finance on 21 April 2008, outlined a total of recurrent expenditure of approximately $237 million, representing a 1 per cent increase over the previous fiscal year. Furthermore, recurrent revenues of $244.91 million, representing an 18.4 per cent increase over 2007-2008, were expected.[20] On 3 June 2008, however, the Minister of Finance announced a deficit of over $37 million, which he stated was in large part due to payments of bills for scholarships and medical care abroad for Turks and Caicos islanders.

32. In recent years, the Turks and Caicos Islands has received funding from the European Union and multilateral agencies, in addition to funds from the United Kingdom. Under the European Development Fund's ninth allocation from 2000-2007, the Turks and Caicos Islands received $13 million in funding to build a causeway between North and Middle Caicos (see also sect. IV.E). Following a midterm review of the ninth European Development Fund, the allocation was increased by an additional $6 million for an extension of the existing budget support programme, which is focused in general on transport and in particular on port and road infrastructure. The tenth European Development Fund allocation for the period 2008-2013 for the Turks and Caicos Islands amounts to $18.6 million.[21]

33. On 27 September 2007, an agreement was signed with the United Nations Development Programme outlining a two-year programme, which aims to provide vocational training for women and men throughout the islands; to strengthen the capacity of local governance actors to manage local affairs; and to improve national capacity to implement and monitor environment and disaster management programmes.[22]

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[19] Social and economic indicators 2005, Caribbean Development Bank, Economic Department, April 2006.

[20] Budget address by the Turks and Caicos Minister of Finance, delivered to the House of Assembly on 21 April 2008, accessed at www.depstc.org.

[21] European Union Commission, http://ec.europa.eu/development.

[22] www.jm.undp.org/content/turks-and-caicos-islands.

IV. Economic conditions

A. General

34. Since the 1980s, the main sectors of the economy have been upmarket tourism, offshore financial and business services, fishing, property development and real estate. Foreign investors, mainly from Canada, the United Kingdom and the United States, play a significant role in the economic life of the Islands. Economic activity is concentrated on the most populous islands of Providenciales and Grand Turk.[23] The territorial Government levies no taxes on corporate or personal income, capital gains or inheritance. The United States dollar is the official currency of the Turks and Caicos Islands. Since most of the Islands' requirements for capital and consumer goods, including all fuels, are met through importation, there is a vast structural trade deficit. The value of total merchandise exports in 2007 was $16.3 million against an import bill of $580.6 million. The trade deficit is largely financed by earnings from tourism and offshore finance. The United States is the most important supplier of goods to the Islands. As such, inflation reflects trends in the United States and costs associated with transportation.[24]

35. According to the Economist Intelligence Unit, real gross domestic product (GDP) growth is estimated to have fallen to 2.2 per cent for 2008, following years of double-digit growth rates, including 13 and 17.9 per cent in 2007 and 2006, respectively.[25] The strong growth described for 2006 and 2007 was driven primarily by a surge in construction activity, buoyed by work on tourism projects and commercial and residential property. The financial services sector, however, has been sluggish since 2002, when registrations of new companies were hit by regulatory requirements imposed by international agencies.[23]

36. The territorial Government has been investing heavily in infrastructure projects across the Territory, such as roads, ports and airports, during recent years. In December 2007, the Minister of Finance and Deputy Premier and the Minister of Health signed an agreement to provide financing for two new hospitals to be located in Grand Turk (20 beds) and Providenciales (40 beds). Construction work on the hospitals started in February 2008 and is expected to be completed in two years. The projects are a public-private partnership project, with both hospitals to be operated by Interhealth Canada (an international hospital management company, jointly owned by private- and public-sector organizations) for 25 years before being transferred to the Government. Funding for health projects of $124 million has been secured from FirstCaribbean International Bank, representing the largest single capital investment project ever made by the Government. The size of the investment has alarmed the political opposition, which claimed that the original estimate for construction was $50 million.

37. Tropical Storm Hanna and Hurricane Ike (a category 4 hurricane) hit the Territory in quick succession at the beginning of September 2008. The storms caused severe flooding and damage to the Islands' infrastructure. According to information provided by the administering Power, Hurricane Ike damaged 95 per cent of the buildings on Grand Turk and South Caicos. Over 700 people lost their

[23] See www.eiu.com, Country profile, Turks and Caicos Islands 2008.

[24] Ibid., main report, June 2006.

[25] Ibid., country outlook, 16 January 2009.

homes, but there was no loss of life. In its assessment of the damage and losses caused by the storms, the Economic Commission for Latin America and the Caribbean estimated total losses at $213.6 million.[6]

38. The Department for International Development provided £200,000 in post-hurricane humanitarian relief. Two Royal Navy vessels pre-positioned in the Caribbean also provided logistical and manpower support and distributed Department for International Development relief supplies carried on board for that purpose. The Department also deployed two humanitarian specialists to work with Turks and Caicos authorities and relief agencies. The Territory obtained a $6.3 million payment from the Caribbean Catastrophic Risk Insurance Facility.[26]

39. The United Kingdom Government has since donated £5 million towards the hurricane relief effort. On 27 January 2009, a memorandum of understanding to deal with the disbursement of the funds was signed between the Governments of the United Kingdom and the Turks and Caicos Islands. The main beneficiaries of the disbursements are intended to be education, health and housing.[27]

B. Tourism

40. After years of strong tourism growth in which tourist arrivals by air more than tripled between 1995 and 2007, reaching almost 265,000 visitors, and cruise passenger arrivals increased to 532,225,[20] 2008 saw tourism figures fall by 9 per cent.[27]

41. According to an end-of-year report from the Turks and Caicos Islands Hotel and Tourists Association, 2008 started relatively strong in terms of hotel occupancies at 74 per cent during the winter season; however, the increased price of oil and the negative impact of the global financial crisis, particularly in the United States where most of the Islands' tourists come from (approximately 68 per cent of total visitors, followed by Canada (12 per cent) and Europe (10 per cent))[28] resulted in occupancies falling to 43 per cent in the last four months of 2008.

42. In the context of the growing financial crisis, construction of a major luxury tourist resort was halted in September 2008, sparking an industrial dispute because of lack of payment of wages to the Chinese labourers working on the job.[23] The construction of Molasses Reef, a Ritz-Carlton hotel resort on West Caicos, had already cost $200 million before a decision by the developers to suspend construction was taken in October, even though it was three-quarters completed, as financing dried up and the outlook for tourism darkened.

43. Other high-end resorts on the Islands remain vulnerable to funding cuts, and those still in the planning stage — including a luxury 251-unit oceanfront resort at Pirate's Bay on the west coast of Grand Turk Island and a 125-room hotel, marina and condominium project on secluded West Caicos Island — appear unlikely at present to secure financing, which is severely denting economic growth prospects for 2009-2010.[9]

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[26] Written parliamentary questions, House of Commons, 19 November 2008, accessed at www.parliament.uk.

[27] *Turks and Caicos Sun*, accessed at www.suntci.com

[28] See www.depstc.org/stat/economic/tourism.html.

44. The vast majority of tourist arrivals (approximately 84 per cent) continue to be accommodated at resorts on Providenciales. A $40 million Carnival cruise ship terminal in Grand Turk was opened in 2006. The terminal has improved economic opportunities for small businesses and traders in Grand Turk.

C. Financial services

45. Financial services, including company registration, trust business and insurance, are the second largest source of external revenue after tourism and the third largest employer in the Turks and Caicos Islands. The absence of direct taxation, fast and straightforward company registration procedures, financial infrastructure and extensive financial freedom and confidentiality continue to be among the attractions for offshore companies. There are four commercial banks in the Territory, including FirstCaribbean Bank, Barclays Bank (United Kingdom), Scotiabank (Canada) and Royal Bank (Canada).

46. During 2007 financial intermediation accounted for 10 per cent of GDP. Total assets for the banking system expanded during 2007 and surpassed $1.6 billion. Loans and advances reached $986 million, for an increase of $300 million. For 2008 the focus of the financial services sector was on yacht and jet registries, including their financing and insurance.[20]

47. According to the administering Power, constitutional responsibility for the international regulation of the Territory's offshore finance sector continues to rest with the Governor.

48. In the context of a review, the House of Commons Foreign Affairs Committee was concerned by the National Audit Office's finding that the Foreign and Commonwealth Office had been complacent in managing the risk of money-laundering, including in the Turks and Caicos Islands. The Foreign Affairs Committee agreed with the United Kingdom Public Accounts Committee's report issued on 31 March 2008, which, inter alia, recommended that the Governor should use reserve powers to bring in more external investigators or prosecutors to strengthen investigative capacity.

49. In his reply to the Foreign Affairs Committee report, the United Kingdom Secretary of State for Foreign and Commonwealth Affairs agreed with the recommendation on the provision of external investigators where appropriate. The general approach of the Government of the United Kingdom had been to work with regional technical assistance providers such as the International Monetary Fund and with Territory agencies to enhance their own systems to detect, investigate and prosecute money-laundering and other suspected abuses. Recent examples of assistance included funding the introduction of a computerized case-management system for the Territory's Financial Crime Unit and the drafting of up-to-date crime legislation in the Turks and Caicos Islands.[29]

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[29] Seventh report of the Foreign Affairs Committee, Session 2007/08, Overseas Territories, response of the Secretary of State for Foreign and Commonwealth Affairs, September 2008, para. 91.

D. Agriculture, fisheries and construction

50. Agricultural production is limited by a lack of fresh water and consists mainly of the growing of vegetables and citrus fruits on the Caicos Islands. Around 20 per cent of the Territory's working population is involved in agriculture and fishing.[23]

51. The main productive primary sector is fishing. Lobster, conch and other marine creatures make up the largest component of exports. The Government has supported the development of a tilapia fish farm. Fisheries output strengthened in 2006, with lobster and conch output both registering increases; however, overfishing, poaching and increased competition from countries such as Honduras and Jamaica have caused a downturn. The latest available data show that agriculture and fishing contributed only 1 per cent of the Territory's gross national product in 2006.[23]

52. International construction companies are based in the Turks and Caicos Islands. Sand and rock are quarried locally for use in construction projects, most significantly for hotels and commercial buildings. The growth of tourism-related projects before the current financial crisis also added a boost to the construction sector, the most significant being the development of new luxury hotels and resorts, commercial building and public infrastructure. Construction accounted for around one half of GDP in 2007.[23]

53. Apart from the production of handicrafts for the tourism trade, there is no significant industrial activity on the Islands. Johnson Construction, a Caribbean-focused civil engineering and construction company, operates a concrete-making facility on Providenciales.[23]

E. Infrastructure

54. Transport and communication facilities are of fairly good quality. The road network covers about 120 kilometres, with 24 kilometres of paved roads on Grand Turk, Providenciales and the Caicos Islands. As mentioned in paragraph 32, financing from the European Development Fund was secured to build a new causeway to link the two largest Caicos Islands (North and Middle). The causeway was officially opened in October 2007. The causeway is one of a series of initiatives to improve transport links between the islands.

55. The Turks and Caicos Islands have three international airports, on Providenciales, Grand Turk and South Caicos. There are also landing strips on Salt Cay, Pine Cay, Parrot Cay, Middle Caicos and North Caicos. Non-stop flights are available from Atlanta, Boston, Charlotte, Miami, New York and Philadelphia in the United States, and from London and Toronto, Canada. Regional services operate to the Bahamas, the Dominican Republic and Haiti. Direct flights to Grand Turk by a low-cost United States carrier, Spirit Airlines, were introduced in 2005.[23]

56. Plans to redevelop Providenciales Airport by the winter of 2009, including the resurfacing and lengthening of the runway to 10,000 linear feet to accommodate transatlantic flights, construction of parallel taxiways, improvements to lighting and the construction of a new terminal, have been cancelled. It was envisaged that the programme would have been financed by an additional $35 airport departure tax,

but the tax was seen as having the potential to cause a further downturn in the tourism sector.[30]

57. The main commercial port (South Dock) is situated in Providenciales. Grand Turk also has a commercial port, and a new deep water port in North Caicos was completed in 2007.[31]

58. As reported in the 2006 working paper (A/AC.109/2006/15), Cable and Wireless, a British telecommunications company, used to provide all domestic and international telephone services in the Territory. In July 2004, a telecommunications bill introduced gradual liberalization of the sector. According to information provided by the administering Power in January 2008, two companies, Digicel and Island.com, are already operating. This has extended the range of services available and improved mobile telephone coverage.

59. There are 12 cable television channels on Grand Turk and 32 on Providenciales, and 6 radio stations. A new national television channel with Turks and Caicos Islands New Media Network went on the air on 28 January 2008.[32] There are no daily newspapers, but the first daily online news forum for the Turks and Caicos Islands, established by the Turks and Caicos television network WIV4, was launched in November 2007.[33] The *Turks and Caicos Weekly News* and *Turks and Caicos Sun* are published weekly. The *Turks and Caicos Islands Free* Press is published once every two weeks. The *Times of the Islands*, an international magazine aimed at business and tourism, is issued quarterly.

V. Social conditions

A. General

60. During the 2008 budget speech delivered by the Minister of Finance, plans were announced for the creation of a social development fund. The fund was expected to contribute to educational, medical and youth development initiatives which would benefit 44 communities throughout the Territory. An allocation of $500,000 was to be made to this fund.[20]

B. Immigration and labour

61. In the current decade, population growth and immigration have resulted in a brisk expansion of the labour force, which grew by an average of 7 per cent annually in the period 2000-2006. Despite this trend, unemployment has declined in recent years, from an officially estimated peak of 12.6 per cent in 1999 to 5.4 per cent in 2007, reflecting increased economic activity related to construction and tourism. Unemployment rates within the Islands vary widely, from close to full employment in the main tourist centre, Providenciales, to around 30 per cent unemployment on North and Middle Caicos.[23]

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[30] www.caribbeannetnews.com, 8 January 2009.

[31] Eagle Land Developments, Turks and Caicos Islands, 2007, www.caicosproperties.tc/News.html.

[32] In *TCI Mall-Turks and Caicos Community*, www.tcimall.tc, 3 March 2008; see also www.tcinewmedianetwork.tc/index03.html.

[33] See wiv4.wordpress.com/about-2/.

62. In 2008, the Department of Economics, Planning and Statistics estimated that in 2006 the Turks and Caicos labour force stood at 19,659.[1] Approximately 70 per cent of the workforce is employed in the service sector, followed by industries and agriculture and fishing. Haitians remain the second largest group of employees after Turks and Caicos Islanders, comprising 4,154 in 2006. Inter-island migration by people in search of work is common.

63. During the Foreign Affairs Committee's first oral evidence session of the inquiry into the Overseas Territories on 3 December 2007, Premier Misick stated that one of the greatest threats to Turks and Caicos was illegal immigration from Haiti. He noted that on average 400 to 500 people a week came by boat to Turks and Caicos and that the Government was spending millions of dollars repatriating them, with no financial assistance from the United Kingdom. He also added that, while boats from the Royal Navy occasionally made visits, they did not provide assistance in patrolling the waters surrounding the Islands.[10]

64. In the July 2008 Foreign Affairs Committee report, it was recommended that the Foreign and Commonwealth Office should provide a regular Royal Navy presence in the coastal waters of the Turks and Caicos Islands to assist with patrols and that it should consider with the Government of Haiti further measures to prevent Haitians leaving Haiti by boat from entering the Territory illegally.[3]

65. Certain social problems, such as overcrowding, housing shortages and an increase in the number of female-headed households, continue to affect migrant workers, with both Chinese and Haitian immigrants known to be living in overcrowded makeshift camps.[34]

66. In accordance with the Employment Ordinance 2004, as of 1 December 2006, the Turks and Caicos Islands instituted a minimum basic wage of $5 per hour.[35] Labour disputes are dealt with via the Islands' Labour Tribunal.[36]

C. Education, youth and sports

67. Education in the Territory is free and compulsory for children from 5 to 16 years of age. There are 39 schools on the Islands, with a total enrolment of 5,257, covering preschool through tertiary education. Of these, 14 are Government-run schools, 10 primary schools and 4 high schools. Although there are more private than public schools, more students are enrolled at public schools (3,291) than at private ones (1,966).[1]

68. As to higher education, there is a community college with branches on Grand Turk and Providenciales that provides two-year courses, mostly in vocational subjects. The Territory opened its first hotel school on 6 January 2007. It offers specialized courses to help interested Turks and Caicos islanders enter the tourist industry.[27]

69. The adult literacy rate is estimated at 98 per cent. The rate among immigrants is much lower.[23]

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[34] See tcweeklynews.com, 8 October 2007, and www.suntci.com, 20 November 2007.

[35] See www.caribbeannetnews.com, 1 December 2006.

[36] See www.labour.tc.

70. For the fiscal year 2008-2009, expenditures on scholarships to citizens of the Territory were set at $20 million compared with the previous budget of $18.8 million. In July 2008, however, the territorial Government announced that students who had recently graduated from high school would have to wait for college scholarship approvals, as a result of financial shortfalls in the budget. This temporary hold on tertiary education funding is expected to remain in place until sometime in 2009.[37] Since January 2007, citizens from the Overseas Territories have benefited from the home student fee rate at English universities.[38]

D. Health

71. In 2007, the mortality rate for children younger than 5 was 4.3 per 1,000 live births, while the maternal mortality ratio stood at 2 per 1,000 live births. Nearly 100 per cent of births were performed by skilled personnel. In the area of HIV/AIDS and other diseases, antiretroviral drugs and condoms are available free of charge. Instances of malaria and tuberculosis are nearly non-existent.[20]

72. The public hospital network is comprised of the main facility, the Grand Turk Hospital, and the Myrtle Rigby Health Clinic, located on Providenciales. There are nine community health clinics on six islands: a 30-bed health complex on Grand Turk, a Government clinic on Providenciales, two clinics on Middle Caicos and two on North Caicos, a clinic on South Caicos and one on Salt Cay.[39] As mentioned earlier, in December 2007, the Ministers of Finance and Health signed an agreement to provide financing for two new hospitals to be located on Grand Turk and Providenciales. The two new hospitals are expected to be in operation sometime in 2010 (see also sect. IV for further information).[20]

73. For anything other than basic health care, Turks and Caicos islanders receive treatment in the United States, at the expense of the territorial Government; however, in his 2008 annual address, Premier Misick highlighted the Government's concern over the escalating costs of medical treatment abroad and noted that it was no longer a sustainable alternative, as these treatments continued to represent major budget cost overruns. The Government therefore planned to introduce a national health insurance plan to reduce the cost. The Premier noted that, coupled with the construction of the new hospitals, it was hoped that this new initiative would help eliminate the need for medical treatments abroad. In 2008 the Cabinet approved a 12-month workplan for the introduction of national health insurance by April 2009.[20]

74. For the 2008 fiscal year, the territorial Government announced an increase of 10 per cent over the 2006-2007 budget, which had provided approximately $31.2 million to health services.[40]

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[37] See www.caribbeannetnews.com, 9 July 2008.

[38] http://www.fco.gov.uk, 23 November 2006, Lord Triesman, Overseas Territories Minister, eighth meeting of the Overseas Territories Consultative Council on 21 and 22 November 2006.

[39] Kairi Consultants Limited, Main Situational Analysis Report, October 2006, pg. 81.

[40] 2006/07 budget address, 8 May 2006, p. 27; see also budget address, 21 April 2008.

E. Crime and justice

75. In connection with the allegations of financial impropriety and corruption taking place in the Turks and Caicos Islands, including at the Government level, in April 2008 the Turks and Caicos Islands House of Assembly established a standing Integrity Commission with extensive powers to investigate the allegations.[41] Additional information on the corruption allegations is mentioned in the constitutional, legal and political issues section of the present working paper.

76. With regard to illegal immigration, the territorial Government announced on 18 June 2008 that a new coastal radar surveillance system would cover a wide area of the Territory and was to be used in detection, interception and prevention of illegal or criminal activity, such as the trafficking of narcotics, people, firearms and other forms of contraband. Additionally, the system is intended to aid in search and rescues.[42]

77. Gun-related crime is an issue on the Turks and Caicos Islands, leading the police to launch a month-long gun amnesty in May 2007, which led to seven firearms and 71 rounds of ammunition being handed in.[43] During the remainder of that year, an additional 33 new officers were recruited to the Royal Turks and Caicos Islands police force, a management services unit was established, and over $800,000 was spent on several projects, including procurement of vehicles and replacement of engines for police aircraft. Through private finance initiatives, the construction of a new courthouse and police station is planned, consistent with the Government's Ten-Year Economic Development Plan adopted in 2007.[20]

F. Environment

78. As mentioned in paragraph 37, in September 2008, the Territory suffered extensive damage from Hurricane Ike. For 2008 the territorial Government budgeted $200,000 for emergency aid.

79. In the context of the Overseas Territories Consultative Council meeting held on 28 and 29 October 2008, the Territory agreed to work to address the potential impact of climate change in the Overseas Territories and to promote sustainable environmental policies in the Territory, with additional support from the United Kingdom Department for the Environment, Food and Rural Affairs.[44]

80. The developers of the Leeward Marina project in the Turks and Caicos Islands, Leeward Waterfront Ltd., received an injunction from the Supreme Court for their refusal to suspend work on the project pending a judicial review and were threatened with fines, seizure of their assets and imprisonment. Environmentalists claim the ongoing dredging is having devastating effects on the coral reefs.[45]

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[41] *News Distribution Service*, 6 July 2008, accessed at http://nds.coi.gov.uk.

[42] See www.caribbeannetnews.com, 24 June 2008.

[43] See www.tcifreepress.com, 8 June 2007.

[44] Foreign and Commonwealth Office, 30 October 2008, www.fco.gov.uk/en/newsroom/latest-news/?view=News&id=8357589.

[45] See caribbeannetnews.com, 18 August 2008.

VI. Relations with international organizations and partners

81. In March 2006, the Turks and Caicos Islands was granted associate membership in the Economic Commission for Latin America and the Caribbean. The Territory was admitted as an associate member of the Commission's Caribbean Development and Cooperation Committee in early 2008.

82. The Turks and Caicos Islands is an associate member of the Caribbean Community and of the Association of Caribbean States. The Territory is a member of the Caribbean Development Bank and the International Criminal Police Organization. According to the administering Power, closer links are being sought with the Organisation of Eastern Caribbean States and with the neighbouring Bahamas.

83. Along with 17 Caribbean nations, the Turks and Caicos Islands form part of a World Bank catastrophe insurance pool established to assist the islands in the event of natural disasters (see para. 38).

84. In the context of the Overseas Territories Consultative Council meeting held in London on 28 and 29 October 2008, the territorial Government agreed upon the target date of October 2009 to achieve the extension of International Labour Organization (ILO) Convention concerning the Prohibition and Elimination of the Worst Forms of Child Labour and of the Convention on the Elimination of All Forms of Discrimination against Women and to consider the options available to meet international obligations on sexual orientation.[46]

85. In February 2008, the Minister of Human Services introduced the Human Rights Commission Bill, which is intended to harmonize Turks and Caicos law with that of the rest of the world. The bill has yet to pass following a debate in the Turks and Caicos Islands House of Assembly.[47]

86. Information on United Nations system activities involving the Turks and Caicos Islands, including on consultations concerning the ILO international labour conventions and international labour recommendations, can be found in document E/2006/47.

87. Upon the request of the Turks and Caicos Islands, the Territory is not subject to the overseas association decision implementing part IV of the European Commission Treaty. The arrangements with the European Union for association are not applied to the Turks and Caicos Islands, in accordance with the wishes of the Government.[48]

Human rights

88. In August 2008, stakeholders met in the Turks and Caicos Islands with the Caribbean human rights coordinator of a four-year project, carried out since 2007 by the Commonwealth Foundation, the Commonwealth Legal Education Association and the Commonwealth Human Rights Initiative. The project is funded by the United Kingdom's Department for International Development and the Foreign and

[46] See www.fco.gov.uk, 30 October 2008.

[47] See caribbeannetnews.com, 13 February 2008.

[48] European Commission, 18 March 2008, accessed at http://ec.europa.eu/development/geographical/regionscountries/countries/country_profile.cfm?cid=tc&type=short&lng=en.

Commonwealth Office with a view to helping the United Kingdom overseas territories to conform with international standards concerning human rights obligations and to develop action plans. At the meeting, human rights capacity-building in the British Overseas Territories of the Caribbean, Pacific and South Atlantic project was discussed.[49]

VII. Future status of the Territory

A. Position of the territorial Government

89. The most recent position of the territorial Government regarding the future status of the Turks and Caicos Islands is discussed in chapter II of the 2007 working paper, in connection with the constitutional modernization review exercise (see A/AC.109/2008/12).

B. Position of the administering Power

90. In a statement made on 6 October 2008 before the Special Political and Decolonization Committee (Fourth Committee) during the sixty-third session of the General Assembly, the representative of the United Kingdom said, inter alia, that her Government's relationship with its Overseas Territories was based on partnership, shared values and the right of each Territory to determine if it wished to retain its link to the United Kingdom, where applicable. Her Government had no intention of imposing independence against the will of such Territories (see A/C.4/63/SR.2).

91. She referred to various constitutional review processes that had been undertaken, aimed at providing a modern constitutional framework to reflect the specific circumstances of each Territory. Provisions relating to good governance, human rights and the roles of the Governor and locally elected politicians had been updated. She stated that her Government's support for the Territories focused on capacity-building and sustainable development. She indicated that the United Kingdom continued to work with the Territories, as appropriate, in areas such as political and economic transparency, security, reduction of vulnerability to natural and non-natural disasters, and environmental management.

92. In a paper dated 8 May 2008 and sent to the Chairperson of the Special Committee for circulation at the Pacific Regional Seminar on Decolonization in Bandung, Indonesia, later that month, the United Kingdom similarly set out its position,[50] as based on the 1999 white paper entitled "Partnership for progress and prosperity: Britain and the Overseas Territories" (see A/AC.109/1999/1, annex). The paper also addressed the status of various constitutional review processes undertaken in the framework of that white paper.

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[49] See www.caribbeannetnews.com.

[50] The full statement can be found at: http://www.un.org/depts/dpi/decolonization/regional_seminars_statements_08/united_kingdom.pdf.

C. Action by the General Assembly

93. On 5 December 2008, the General Assembly adopted without a vote resolutions 63/108 A and B, based on the report of the Special Committee transmitted to the General Assembly (A/63/23) and its subsequent consideration by the Special Political and Decolonization Committee (Fourth Committee) (A/63/408). Section X of resolution 63/108 B concerns the Turks and Caicos Islands. Under that section's operative paragraphs, the General Assembly:

> 1. *Recalls* the Constitution of the Territory, which took effect in 2006, and notes the view of the territorial Government that there remains scope for a degree of delegation of the Governor's power to the Territory so as to secure greater autonomy;
>
> 2. *Requests* the administering Power to assist the Territory by facilitating its work concerning public outreach efforts, consistent with Article 73 *b* of the Charter of the United Nations and, in that regard, calls upon the relevant United Nations organizations to provide assistance to the Territory, if requested;
>
> 3. *Welcomes* the continuing efforts made by the Government addressing the need for attention to be paid to the enhancement of social cohesion across the Territory.